

T S E C R E T

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## GENERAL

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1. Views on Soviet note regarding Trieste--US Ambassador Allen in Belgrade suggests that, in view of the recent Soviet note demanding immediate implementation of the Italian peace treaty terms applying to Trieste, the merits of the solution envisaged by the peace treaty signatories should be re-examined. Allen observes that the Italian peace treaty (which would establish a unified Free Territory of Trieste under UN governorship) constitutes the only solution which is binding today on all parties concerned and which all parties are equally committed to support. The Ambassador believes, however, that direct negotiations between Yugoslavia and Italy should be continued "as long as there is any likelihood they may succeed," and adds that the major difficulty in his suggested return to the treaty solution would be to prevent both the Italians and Yugoslavs from gaining the impression they were being "sold out."

Meanwhile, US Political Advisor Unger in Trieste, in assessing Soviet motives for their recent note, expresses the opinion that the ultimate aim of the USSR is "apparently to see" the Free Territory of Trieste established under the treaty formula. Unger comments that the establishment of a unified Free Territory under UN governorship would: (a) keep alive discord between Yugoslavia and Italy; (b) prevent the Western Powers from fulfilling their 20 March proposal for returning all of the Free Territory of Trieste to Italy; (c) secure the withdrawal of Allied troops; and (d) open the possibility of Cominform control of a strategic area beyond the present limits of the Soviet orbit.

US Ambassador Douglas in London reports that the British Foreign Office considers the Soviet note to be a move to "throw a wrench into the works" at a time when the Western Powers are seeking an Italian-Yugoslav settlement of the Trieste issue. According to Douglas, the USSR may also hope "to force the Western Powers" to re-state their 20 March proposal and thus embitter the Yugoslavs.

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